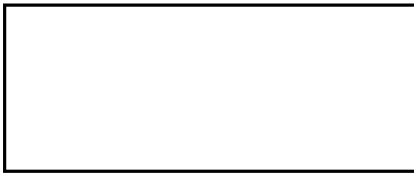


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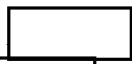
27 December 1958

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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

27 December 1958

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DAILY BRIEF

I. THE COMMUNIST BLOC

OK
*USSR -- New security chief: The selection of Aleksandr Shelepin to head the Soviet security organization (KGB) was probably intended to emphasize party control over the secret police. Shelepin has most recently been in charge of personnel matters in the party apparatus under Khrushchev; until April 1958 he was head of the Komsomol, the Soviet youth organization. The Supreme Soviet announcement made no mention of a new position for Serov. [REDACTED]

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NO
*USSR -- Gromyko speech: In a speech to the Supreme Soviet on 25 December, Foreign Minister Gromyko struck a firm and unyielding tone on both Berlin and the Geneva nuclear test talks. He reiterated Khrushchev's warnings that if the West rejects the Soviet proposal for converting West Berlin into a demilitarized free city, the USSR will transfer control over Allied access to the East Germans. In a further effort to maintain a crisis atmosphere on this issue, Gromyko said West Berlin "may become a second Sarajevo." His remarks on the prospects for agreement at Geneva were very pessimistic. He charged the United States and Britain have decided to prevent an agreement and attacked the West's insistence on linking extension of a one-year test suspension to progress on other disarmament measures, and Western views on decision-making procedures in the control organ. He warned that no agreement will be possible if the West does not abandon these "invalid conditions." [REDACTED]

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OK

Cyprus: The Greek and Turkish foreign ministers have apparently reached a wide measure of agreement on the general framework of a Cyprus settlement, which would be based on guaranteed independence. Further progress now depends largely on Greek Premier Karamanlis' ability to accept such a solution despite expected strong criticism from his political opposition in Athens and possibly from Archbishop Makarios. On Cyprus, EOKA has offered to cease all terrorist activities provided the British reciprocate. The

27 Dec 58

DAILY BRIEF

ii

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government recently released over 500 detainees and lifted some long-standing curfews on the movement of Greek Cypriots. [REDACTED]

120
Morocco: King Mohamed V ended Morocco's month-long government crisis on 24 December by investing a broadly representative cabinet under Abdallah Ibrahim, a leader of the Istiqlal party's left wing. The new government appears to reflect more adequately than its predecessors the major elements of Moroccan society and thus may be able to deal more successfully with the pressing problem of Berber tribal dissidence.

New difficulties with France will probably follow if the new leaders extend more energetic support to the Algerian rebels or move to expropriate French-held agricultural lands. They can be expected to renew at an early date Moroccan pressure for the evacuation of French and Spanish troops and the American air bases. [REDACTED]

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OK
Singapore: The re-election on 23 December of Singapore's left wing mayor, an official of the Communist-infiltrated People's Action party, underscores the likelihood that extreme leftists will control the Singapore Government following the achievement of internal self-rule next year. [REDACTED]

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27 Dec 58

DAILY BRIEF

iii

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III. THE WEST

No
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Cuba: Rebel activity is intensifying and spreading. An attack on a sugar mill in Matanzas province is the first outbreak of such activity in this area. The government has placed all its security forces on a full alert status at least until after 1 January. Meanwhile, the Cuban army commander in besieged Santiago, the second largest city, is under pressure either to surrender the city or declare it an open city in order to avert further bloodshed. [redacted]

OK
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Panama: A new threat to political stability has arisen with the return of ex-President Arnulfo Arias and his strong condemnation of the government and the National Guard leaders in his initial press interview. Various factions critical of President de la Guardia are seeking the collaboration of Arias who has long been adept at stirring up mob action and apparently now regards conditions as ripe for his return to power. [redacted]

OK
25X1
*Iceland: The minority government of Social Democratic Prime Minister Emil Jonsson formed on 23 December is expected to be kept in office by Conservative parliamentary support until new elections are held, probably next spring. [redacted]

Communists, who though no longer represented in the cabinet, still dominate the trade union movement. [redacted]
(Page 11)

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IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

20
SNIE 85/1-58. Developments in Cuba since mid-November. 16 December 1958. [redacted]

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27 Dec 58

DAILY BRIEF

iv

I. THE COMMUNIST BLOC

Party Personnel Specialist Appointed Soviet Secret Police Chief

25X1 The appointment of party official Aleksandr Shelepin on 25 December to succeed ousted Soviet secret police chief Serov is probably intended to make the security forces (KGB) more immediately responsive to party control. Shelepin, a personnel specialist without experience in secret police work, may be charged with carrying out a shake-up in the KGB staff, possibly including a reorganization of the security forces. This would be in line with the intention Khrushchev expressed [REDACTED] of reducing the role of the secret police still further. Khrushchev may have in mind divesting the KGB of some of its domestic responsibilities as a gesture to ease public apprehension about police power. He presumably has no intention of reducing the role of the security forces in foreign espionage and in counterespionage. 25X1

Shelepin is a full member of the Soviet central committee. Since April 1958 he has been in charge of one of the two personnel departments of the party central committee. Before that he headed the Soviet youth organization (Komsomol) for over five years and had earlier spent several years as Komsomol secretary in charge of personnel.

The announcement of Serov's successor was probably delayed until the Supreme Soviet met in order to give the appearance of broad democratic selection of the head of the secret police which is still hated and feared by many Soviet citizens. The reason why Serov's removal could not also have been delayed until the Supreme Soviet meeting is not yet clear. Serov apparently attended the Supreme Soviet session in his general's uniform, but there was no mention of his new assignment. [REDACTED]

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[REDACTED]
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Cyprus

A final settlement of the Cyprus problem was discussed between the Turkish and Greek foreign ministers and agreement arrived at on many points at the recent NATO meeting in Paris, according to Greek Foreign Minister Averoff. A possible solution, reached on a purely personal basis, has been referred to Athens and Ankara for further examination.

According to the proposals discussed, Cyprus would become independent--its independence guaranteed by international treaty--with the British retaining their military bases. The government would be republican with a Greek Cypriot president and a Turkish Cypriot vice-president, the latter having a veto on all matters affecting the Turkish community. In addition to two purely communal chambers handling affairs of the two communities, an island-wide legislature would be created, possibly with 70 percent of its members Greek and 30 percent Turkish.

Many details are still to be worked out and certain problems--such as the veto power of the vice-president--may become insuperable barriers to final agreement. In addition, much will depend on the willingness of Greek Premier Karamanlis to work for an agreement which would probably be denounced by the opposition parties in Greece and possibly by Archbishop Makarios. The fact the conversations did occur in a conciliatory atmosphere, however, is encouraging and could be the prelude to real progress toward a settlement. London has long sought negotiations among the disputants and will probably agree to any solution acceptable to Ankara and Athens.

On Cyprus, EOKA has announced its willingness to suspend operations if the British security forces will reciprocate. There is evidence that the British are willing to accept these conditions. A new spirit of conciliation on the island has been demonstrated by the release of several hundred detainees and the lifting of curfews by the government, while a Greek Cypriot leader took the unprecedented step of expressing sorrow at the death of two RAF men recently killed by a road mine.

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New Moroccan Government

The cabinet of Istiqlal left-wing leader Abdallah Ibrahim, which was invested by King Mohamed V on 24 December, will give Morocco a government more broadly based and probably also less sympathetic to Western interests than were its three predecessors since Morocco regained its independence in 1956. The new government--which is representative of its individual members rather than parties--has been assigned the mission of "consolidating Morocco's independence," alleviating unemployment and organizing local elections some time in 1959.

Ibrahim, who is foreign minister as well as premier, has in recent months become closely identified with the powerful Moroccan Labor Federation, the National Student Association, and other radical elements which have long been demanding such measures as "Moroccanization" of all agricultural holdings and nationalization of large sectors of the economy. He is thus likely to give much wider latitude than did moderate former premier Balafrej to deputy premier and national economy minister Bouabid, who favors a directed economy. Meanwhile, party secretary Balafrej and other prominent spokesmen of the Istiqlal's right, or essentially bourgeois wing, appear to have been by-passed by a new alignment of forces representing the restless urban and rural masses.

The assignment of an important Berber, Driss M'Hammedi, to the hotly contested Interior Ministry and the inclusion in the cabinet of at least two other Berbers might strengthen the new government's hand in dealing with its most pressing internal problem--tribal dissidence in the Rif region of northern Morocco and other Berber-inhabited areas. M'Hammedi's acceptance of the interior portfolio and the designation as defense minister of a royalist partisan who apparently has little political stature also suggests that the King yielded to Istiqlal

[REDACTED]
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extremists' demands that the police be placed under the control of the interior minister but has retained, at least for the time being, effective control over the army.

The Ibrahim government can almost certainly be expected to renew at an early date pressure for the evacuation of the approximately 28,000 French and 10,500 Spanish forces still based in Morocco as well as for the liquidation of the five American-operated air bases. It is also likely to extend more energetic support to the Algerian rebels. Such a move, especially if accompanied by any move to expropriate French-owned agricultural lands, might precipitate vigorous French countermeasures, possibly including independent action by French military elements in Algeria or Morocco.

[REDACTED]
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[REDACTED]
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Growing Leftist Trend in Singapore

The failure of Singapore moderates, led by Chief Minister Lim Yew Hock, to oust left-wing Mayor Ong Eng Guan is a further strong indication that the Communist-infiltrated People's Action party (PAP) will control the government of the new State of Singapore following next year's general elections. Ong, an official in the PAP, was elected for a second year's term on 23 December by a 17-15 vote of the city councilors. The election furthers PAP aims by providing the publicity-minded mayor with an excellent propaganda sounding board, as well as by extending his control of city patronage. At the same time, it defeats Lim's plan to discredit the PAP by carrying out investigations of several civic projects sponsored and manipulated by the PAP during the year that it has dominated the city administration.

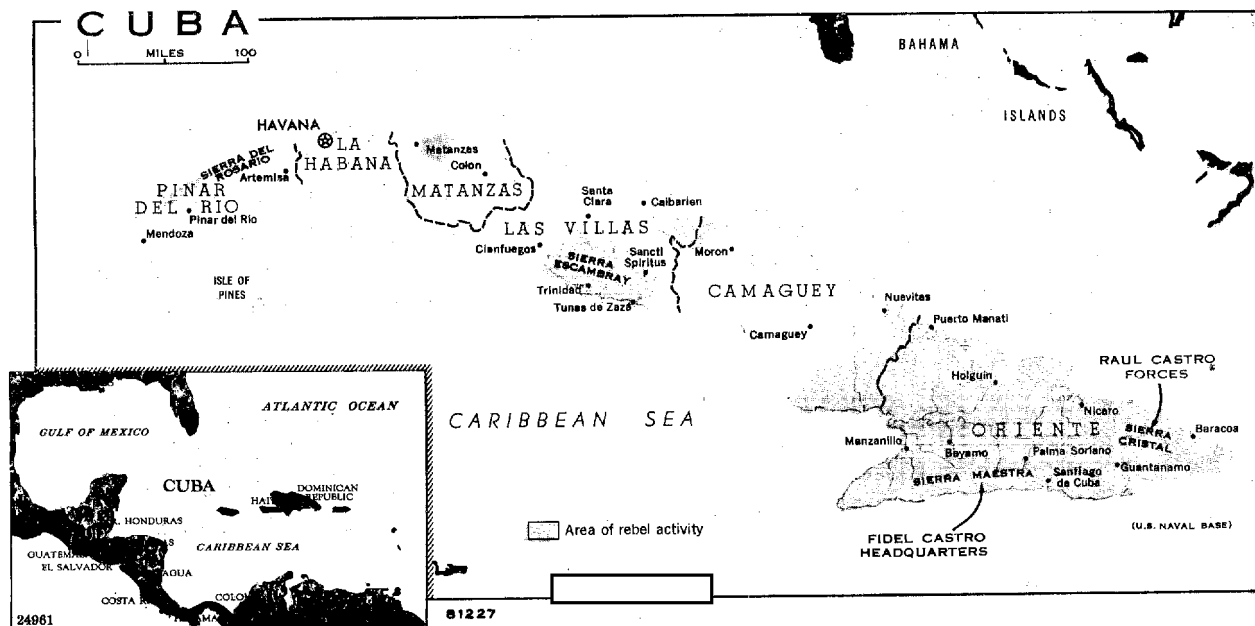
The ability of Ong to survive a concerted effort to unseat him will tend to strengthen the myth of PAP invincibility and thus further dim the election prospects of the Singapore People's Alliance--the newly formed coalition of moderate parties.

Meanwhile, the PAP, apparently in anticipation of controlling the first all-elected government in Singapore upon achievement of internal self-rule next year, has been developing a comparatively moderate line. This, however, seems a tactical maneuver designed to allay British and Malayan fears of an extremist government in Singapore and to avoid a provocation which might cause the British to use their reserve powers to rescind the constitution.

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III. THE WEST

The Situation in Cuba

General Eulogio Cantillo, Cuban army commander in besieged Santiago, Cuba's second largest city, was noncommittal on 21 December when a delegation of prominent residents appointed by the city's archbishop petitioned him to declare Santiago an open city to avoid further bloodshed.

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President Batista has apparently suspected Cantillo of disloyalty since late November when some 30 officers were arrested for implication in an alleged conspiracy.

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[REDACTED]
[REDACTED] He is regarded as one of Cuba's ablest generals.

The morale and effectiveness of the Cuban army continue to deteriorate. Its recent recruitment campaign failed miserably when only 700 of a goal of 9,000 men were inducted. Despite a military build-up in the Santiago area and the receipt of weapons purchased in Europe, the government has been unable to contain the rebel drive in Oriente and in Las Villas Provinces. In Las Villas, press reports on 26 December described the rebels as having virtually encircled the provincial capital of Santa Clara by the capture of various surrounding towns. The rebels are active for the first time in Matanzas Province, where a unit is reported to have attacked a sugar mill some 25 miles east of the provincial capital on 17 December. [REDACTED]

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[REDACTED]
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New Threat to Panamanian Political Stability

Panamanian President de la Guardia, whose moderate policies have alienated the majority of his supporters and have resulted in several opposition attempts to oust him, faces a new threat. On 19 December Arnulfo Arias, who was ousted from the presidency in 1941 and again in 1951 and has since ostentatiously remained aloof from overt political activity, returned to Panama and indicated his readiness to try a comeback. Arias severely criticized De la Guardia's chief source of strength--the corrupt and powerful National Guard commandants--as "a cancer on the country," and he blamed Panama's political and economic condition on the President.

Arias' return from an eight-month South American trip had been awaited by several politicians who are launching a new opposition party and maneuvering for advantage in the next presidential race. The [REDACTED] ex-President's great popularity among Panama's restless lower classes and the arms reportedly smuggled in by his supporters would be useful to the new movement, but Arias would probably insist on leading it, since he has described himself as "the country's greatest asset in time of need."

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In attacking the unpopular guard leaders, Arias may well attract support from the strong student movement which has already rioted against the government this year. The guard, reportedly weakened by internal divisions and plotting, might not present a united front to another mass movement to oust the President. [REDACTED]

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[REDACTED]
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Minority Government Formed in Iceland

The minority government which Social Democratic Prime Minister Emil Jonsson formed on 23 December is expected to remain in office with Conservative parliamentary support until new elections are held, probably next spring. This government replaces a three-party coalition--including Communists--which resigned on 4 December as a result of disagreement over economic reform measures.

The new government faces difficult economic problems which require early attention, the most serious being the inflation threatening the country. In early January it must also negotiate with fishing industry groups on a new price-and-wage basis for the winter fishing season, or else it will be faced with the possibility of a tie-up of the entire fleet.

[REDACTED]
25X1

The Communists, who hold a dominant position in the trade union movement, are certain to seek to foment labor unrest and discredit the government, particularly if it advocates a moderate wage policy as part of its economic program. The elimination of the Communists from the cabinet seems likely to improve the chances for an ultimate solution to the fishing dispute with Britain, and to reduce the possibility of incidents involving patrolling vessels. In view of the impending election, however, none of the parties can afford to appear to back down on the principle of a 12-mile limit. The democratic parties probably hope that a modus vivendi can be reached which would eliminate the danger of further clashes pending a final settlement. [REDACTED]

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[REDACTED]

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Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Office of Defense and Civilian Mobilization

Special Assistant for Security Operations Coordination

Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Special Adviser to the President

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

Commandant, United States Marine Corps

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of the Army

Director of Naval Intelligence, Department of the Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of the Interior

The Secretary of the Interior

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

United States Information Agency

The Director

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